

FINANCIAL STATEMENTS TOGETHER WITH
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

AMERICAN BIBLE SOCIETY

June 30, 2010 and 2009

CONTENTS

	<u>Page</u>
Report of Independent Certified Public Accountants	1
Financial Statements:	
Statements of Financial Position as of June 30, 2010 and 2009	2
Statements of Activities for the years ended June 30, 2010 and 2009	3
Statement of Functional Expenses for the year ended June 30, 2010	4
Statement of Functional Expenses for the year ended June 30, 2009	5
Statements of Cash Flows for the years ended June 30, 2010 and 2009	6
Notes to Financial Statements	7 - 28

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of the
American Bible Society:

We have audited the accompanying statements of financial position of the American Bible Society (the “Society”) as of June 30, 2010 and 2009, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Society’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the American Bible Society as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



New York, New York
December 13, 2010

STATEMENTS OF FINANCIAL POSITION

As of June 30, 2010 and 2009

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Cash and cash equivalents	\$ 1,839,650	\$ 1,880,523
Accounts, contributions, program loans and accrued interest receivable, net of allowance of \$1,799,243 in 2010 and \$1,975,092 in 2009	4,313,682	5,885,138
Inventories, net (Note C)	4,038,897	5,242,749
Prepaid expenses and other assets	1,420,069	1,478,022
Investments (Note D):		
Long-term investments	434,580,837	451,181,796
Amounts held for United Bible Societies and others (Note J)	-	17,657,072
Total investments	<u>434,580,837</u>	<u>468,838,868</u>
Beneficial interest in investments held by third-party trustees (Note F)	18,111,372	16,108,538
Land, building, and equipment, net (Note G)	12,308,591	15,096,585
Collection (Note B)	-	-
Total assets	<u>\$ 476,613,098</u>	<u>\$ 514,530,423</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 7,919,291	\$ 8,841,679
Payable under securities loan agreement (Note D)	9,385,698	44,232,738
Grants payable (Note E)	-	4,164,947
Charitable remainder trusts payable (Note B)	4,901,264	4,669,353
Annuities payable (Note B)	27,568,244	28,353,977
Deferred revenue under life income agreements (Note B)	5,679,418	5,528,316
Accrued postretirement benefits (Note I)	36,829,493	38,423,372
Amounts held for United Bible Societies and others (Note J)	-	17,657,072
Total liabilities	<u>92,283,408</u>	<u>151,871,454</u>
Commitments and Contingencies (Notes D and K)		
Net assets (Note B):		
Unrestricted:		
Undesignated	8,514,824	6,741,331
Designated for specific operating purposes (Note H)	19,430,447	26,094,051
Funds functioning as endowment (Notes H and M)	286,772,908	260,349,624
Land, building, and equipment	<u>11,927,027</u>	<u>14,732,049</u>
Total unrestricted	<u>326,645,206</u>	<u>307,917,055</u>
Temporarily restricted (Note H)	23,913,233	22,838,226
Permanently restricted (Notes H and M)	<u>33,771,251</u>	<u>31,903,688</u>
Total net assets	<u>384,329,690</u>	<u>362,658,969</u>
Total liabilities and net assets	<u>\$ 476,613,098</u>	<u>\$ 514,530,423</u>

The accompanying notes are an integral part of these statements.

STATEMENTS OF ACTIVITIES

For the years ended June 30, 2010 and 2009

	2010			2009				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating activities:								
Operating revenues-								
Contributions	\$ 22,199,519	\$ 4,374,054	\$ 376,687	\$ 26,950,260	\$ 25,483,971	\$ 3,650,033	\$ 14,000	\$ 29,148,004
Legacies	6,625,546	-	2,512	6,628,058	13,269,341	-	-	13,269,341
Scripture sales (Note C)	8,295,914	-	-	8,295,914	8,160,344	-	-	8,160,344
Other	3,912,091	-	-	3,912,091	3,806,420	-	-	3,806,420
Net assets released from restrictions	5,553,555	(5,553,555)	-	-	15,880,004	(15,891,267)	11,263	-
Total operating revenues	46,586,625	(1,179,501)	379,199	45,786,323	66,600,080	(12,241,234)	25,263	54,384,109
Operating expenses (Note L):								
Program services-								
Scripture engagement and distribution:								
National ministries	39,505,979	-	-	39,505,979	47,943,625	-	-	47,943,625
International ministries (Note E)	21,239,063	-	-	21,239,063	20,631,632	-	-	20,631,632
Total program services	60,745,042	-	-	60,745,042	68,575,257	-	-	68,575,257
Supporting services-								
Administration	7,032,688	-	-	7,032,688	8,527,967	-	-	8,527,967
Development and communications	11,011,374	-	-	11,011,374	13,119,292	-	-	13,119,292
Total supporting services	18,044,062	-	-	18,044,062	21,647,259	-	-	21,647,259
Total operating expenses	78,789,104	-	-	78,789,104	90,222,516	-	-	90,222,516
Changes in net assets from operating activities, before investment								
□return appropriated for operations	(32,202,479)	(1,179,501)	379,199	(33,002,781)	(23,622,436)	(12,241,234)	25,263	(35,838,407)
Investment return appropriated for operations (Note D)	25,514,468	-	-	25,514,468	39,722,517	-	-	39,722,517
Changes in net assets from operating activities	(6,688,011)	(1,179,501)	379,199	(7,488,313)	16,100,081	(12,241,234)	25,263	3,884,110
Nonoperating activities:								
Investment gain (loss), net of amounts appropriated for operations (Note D)	27,789,402	1,677,704	10,724	29,477,830	(101,263,141)	(3,591,174)	-	(104,854,315)
Appreciation (depreciation) in fair value of third-party trusts (Notes D and F)	-	-	1,477,640	1,477,640	-	-	(4,106,235)	(4,106,235)
Other changes	-	-	-	-	(2,500,032)	-	-	(2,500,032)
Change in value of split-interest agreements	(2,606,894)	576,804	-	(2,030,090)	(2,098,628)	3,514,863	-	1,416,235
Pension related activity other than net periodic pension expense	233,654	-	-	233,654	371,614	-	-	371,614
Changes in net assets from nonoperating activities	25,416,162	2,254,508	1,488,364	29,159,034	(105,490,187)	(76,311)	(4,106,235)	(109,672,733)
Changes in net assets	18,728,151	1,075,007	1,867,563	21,670,721	(89,390,106)	(12,317,545)	(4,080,972)	(105,788,623)
Net assets, beginning of year	307,917,055	22,838,226	31,903,688	362,658,969	397,307,161	35,155,771	35,984,660	468,447,592
Net assets, end of year	\$ 326,645,206	\$ 23,913,233	\$ 33,771,251	\$ 384,329,690	\$ 307,917,055	\$ 22,838,226	\$ 31,903,688	\$ 362,658,969

The accompanying notes are an integral part of these statements.

American Bible Society

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2010

	Program Services			Supporting Services			Total
	National Ministries	International Ministries	Total	Administration	Development and Communications	Total	
Grants	\$ 4,804,004	\$12,705,476	\$17,509,480	\$ -	\$ 13,045	\$ 13,045	\$ 17,522,525
Salaries and wages	9,992,156	2,281,641	12,273,797	2,847,564	2,572,563	5,420,127	17,693,924
Employee benefits	3,674,474	827,796	4,502,270	1,047,178	1,018,270	2,065,448	6,567,718
Pension expense	666,497	341,819	1,008,316	217,401	250,153	467,554	1,475,870
Professional fees	1,918,993	785,533	2,704,526	113,868	1,084,118	1,197,986	3,902,512
Legal fees	106,340	28,719	135,059	334,193	42,770	376,963	512,022
Accounting fees	32,474	16,654	49,128	142,431	17,389	159,820	208,948
Field reps. and other office expenses	349,570	77,426	426,996	95,847	45,628	141,475	568,471
Office supplies	237,146	54,522	291,668	56,333	69,298	125,631	417,299
Equipment, repairs and rentals	958,132	453,301	1,411,433	257,060	175,809	432,869	1,844,302
Telephone	384,646	75,722	460,368	77,453	94,024	171,477	631,845
Miscellaneous	205,231	58,580	263,811	97,099	64,532	161,631	425,442
Data processing	1,396,035	165,791	1,561,826	80,313	567,791	648,104	2,209,930
Occupancy	655,116	335,875	990,991	394,426	163,945	558,371	1,549,362
Travel and related costs	1,278,904	478,446	1,757,350	221,659	333,147	554,806	2,312,156
Depreciation and accretion of interest	2,071,177	1,062,222	3,133,399	735,703	372,382	1,108,085	4,241,484
Insurance	125,912	61,519	187,431	74,503	65,200	139,703	327,134
Memberships and subscriptions	132,341	29,277	161,618	47,104	20,984	68,088	229,706
Printing, publications and promotions	3,012,064	866,290	3,878,354	111,173	2,374,967	2,486,140	6,364,494
Postage and mailing	1,811,195	497,125	2,308,320	15,340	1,639,026	1,654,366	3,962,686
Storage costs	229,625	2,398	232,023	3,739	6,390	10,129	242,152
Meetings and conventions	226,490	32,931	259,421	62,301	19,943	82,244	341,665
Cost of goods sold	5,237,457	-	5,237,457	-	-	-	5,237,457
Total functional expenses	<u>\$39,505,979</u>	<u>\$21,239,063</u>	<u>\$60,745,042</u>	<u>\$ 7,032,688</u>	<u>\$ 11,011,374</u>	<u>\$ 18,044,062</u>	<u>\$ 78,789,104</u>

The accompanying notes are an integral part of this statement.

American Bible Society

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2009

	Program Services			Supporting Services			Total
	National Ministries	International Ministries	Total	Administration	Development and Communications	Total	
Grants	\$ 5,295,759	\$16,626,985	\$21,922,744	\$ -	\$ -	\$ -	\$ 21,922,744
Salaries and wages	10,806,521	857,290	11,663,811	3,059,092	2,992,283	6,051,375	17,715,186
Employee benefits	4,239,690	349,074	4,588,764	832,845	1,100,270	1,933,115	6,521,879
Pension expense	999,038	903	999,941	264,769	273,738	538,507	1,538,448
Postretirement benefits	1,189,586	83,865	1,273,451	554,578	324,961	879,539	2,152,990
Professional fees	2,334,407	970,648	3,305,055	261,988	742,410	1,004,398	4,309,453
Legal fees	95,539	8,678	104,217	805,365	47,206	852,571	956,788
Accounting fees	26,438	2,615	29,053	276,637	13,074	289,711	318,764
Field reps. and other office expenses	382,023	23,955	405,978	50,807	66,531	117,338	523,316
Office supplies	302,814	16,281	319,095	51,885	92,424	144,309	463,404
Equipment, repairs and rentals	1,309,972	124,306	1,434,278	430,985	277,514	708,499	2,142,777
Telephone	581,393	48,941	630,334	118,675	141,850	260,525	890,859
Miscellaneous	224,388	24,085	248,473	192,767	77,197	269,964	518,437
Data processing	1,907,735	59,222	1,966,957	94,677	313,360	408,037	2,374,994
Occupancy	1,049,097	103,284	1,152,381	230,973	290,063	521,036	1,673,417
Travel and related costs	1,612,693	189,559	1,802,252	399,393	454,246	853,639	2,655,891
Depreciation and accretion of interest	3,181,577	556,507	3,738,084	713,829	348,106	1,061,935	4,800,019
Insurance	187,175	16,014	203,189	30,184	69,823	100,007	303,196
Memberships and subscriptions	96,620	5,509	102,129	57,164	24,596	81,760	183,889
Printing, publications and promotions	3,737,764	416,405	4,154,169	47,513	3,421,761	3,469,274	7,623,443
Postage and mailing	2,370,326	139,522	2,509,848	38,307	2,023,408	2,061,715	4,571,563
Storage costs	309,686	1,081	310,767	3,070	5,064	8,134	318,901
Meetings and conventions	189,210	6,903	196,113	12,464	19,407	31,871	227,984
Cost of goods sold	5,514,174	-	5,514,174	-	-	-	5,514,174
Total functional expenses	<u>\$47,943,625</u>	<u>\$20,631,632</u>	<u>\$68,575,257</u>	<u>\$ 8,527,967</u>	<u>\$ 13,119,292</u>	<u>\$21,647,259</u>	<u>\$ 90,222,516</u>

The accompanying notes are an integral part of this statement.

STATEMENTS OF CASH FLOWS

For the years ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Changes in net assets	\$ 21,670,721	\$ (105,788,623)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	4,224,457	4,783,860
Change in provision for obsolete and slow-moving inventory	199,726	714,162
Accretion of interest on conditional asset retirement obligations	17,027	16,162
Net unrealized and realized (appreciation) depreciation in fair value of investments	(49,468,983)	73,534,001
Net unrealized and realized (appreciation) depreciation in fair value of third-party trusts	(1,477,640)	4,106,235
Changes in assets and liabilities:		
Decrease (increase) in accounts and accrued interest receivable	1,571,456	(748,335)
Decrease in inventories	1,004,126	1,050,432
Decrease (increase) in prepaid expenses and other assets	57,953	(101,616)
Decrease in contributions receivable and beneficial interest in investments held by third-party trustees, excluding split-interest agreements	425,189	9,012,220
(Decrease) increase in accounts payable and accrued expenses	(939,414)	471,257
(Decrease) increase in grants payable	(4,164,947)	3,664,947
(Decrease) increase in accrued postretirement benefits	(1,593,879)	1,477,163
Decrease in amounts held for United Bible Societies and others	(17,657,072)	(4,274,612)
Permanently restricted contributions	(379,199)	(14,000)
Net cash used in operating activities	<u>(46,510,479)</u>	<u>(12,096,747)</u>
Cash flows from investing activities:		
Proceeds from sales of investment securities	350,831,102	305,940,827
Purchases of investment securities	(301,951,128)	(292,926,524)
Acquisition of fixed assets	(1,436,463)	(1,530,817)
Net cash provided by investing activities	<u>47,443,511</u>	<u>11,483,486</u>
Cash flows from financing activities:		
Proceeds of new split-interest agreements in excess of contributions recognized	1,250,782	1,000,676
Permanently restricted contributions	379,199	14,000
Change in value of split-interest agreements	2,980,474	167,822
Change in value of split-interest agreements held by third-parties	(950,384)	1,584,058
Payments to third-party beneficiaries under split-interest agreements	(5,534,116)	(5,755,510)
Investment income on split-interest agreements held for others	900,140	1,186,930
Net cash used in financing activities	<u>(973,905)</u>	<u>(1,802,024)</u>
Net decrease in cash and cash equivalents	(40,873)	(2,415,285)
Cash and cash equivalents, beginning of year	<u>1,880,523</u>	<u>4,295,808</u>
Cash and cash equivalents, end of year	<u>\$ 1,839,650</u>	<u>\$ 1,880,523</u>

The accompanying notes are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010 and 2009

NOTE A - DESCRIPTION OF ORGANIZATION AND NATURE OF ACTIVITIES

1. *The Organization*

In 1816, the American Bible Society (the “Society”) was founded in New York City as a Christian organization committed to distributing and engaging people with God’s Word in the United States and throughout the world. The Society is dedicated to serving all Christian denominations. Today, the Society remains dedicated to this original purpose, with a mission “to make the Bible available to every person in a language and format each can understand and afford, so all people may experience its life-changing message.”

The activities of the Society are designed to fulfill this mission and include a diverse portfolio of outreach projects and Scripture engagement tools. These activities include:

- Producing targeted Scripture engagement tools for people across the United States;
- Advocating the life-changing power of the Holy Scriptures for every generation in every culture;
- Using appropriate media to link young people with the truths of Scripture that lead to new discovery and avoidance of dangerous life choices;
- Partnering with the U.S. military to provide Scripture to servicemen and women, veterans and their families;
- Providing translations for those who do not have the Bible in their heart language in a way that is true to the original language of the text;
- Working in partnership with other Christian organizations that adhere to the established best practices of a given relief area; and,
- Working within a close fellowship with the United Bible Societies (“UBS”), a worldwide network of 145 national Bible Societies in over 200 countries.

During the year ended June 30, 2010, the Society’s programming and ministry partnerships reached over 8.1 million people around the world - a 59% increase from the 5.1 million reached in 2009. For the Society, sharing the good news of the Bible with those who need it most is a key priority. In the past year, the Society reached an additional 2.3 million people through affordably priced Scripture sales. The total number of persons the Society reached with Scripture exceeded 10 million.

The Society has three sub-brands that support its work:

- **Global Scripture Impact** provides counsel and research to validate, evaluate and increase ministry impact. It also educates and equips donors with resources as to the level of funding needed to run the most effective, Scripture-based programs around the world.

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2010 and 2009

NOTE A (continued)

- **The Eugene Nida Institute for Biblical Scholarship** (“NIDA”), which is responsible for the Contemporary English Version and Good News Translation, works with UBS partners and others to provide Scripture in hundreds of languages and non-print formats. NIDA secures the fidelity and integrity of all Society scripture publications and Bible engagement tools.
- **Bibles.com** is the source for affordable Scripture resources in English and Spanish for the broadest base of Christian churches and ministries.

The ongoing work of the Society, incorporated in the State of New York in 1841, is dependent on strong contributions from thousands of donors and supporters. The Society has been classified by the Internal Revenue Service as a not-for-profit organization exempt from federal taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Society and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. The Society classifies its unrestricted net assets as follows:

Undesignated - Net assets which are available for the general use and operating activities of the Society.

Designated for specific operating purposes - Net assets that are designated by the Society for specific operating purposes.

Funds functioning as endowment - Net assets functioning as endowment, the income from which will be used to provide for future operations. The Society’s Board of Trustees annually approves the level of investment return to be appropriated for operations (see Note D).

Land, building, and equipment - Net assets relating to fixed assets that are used in the operations of the Society.

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2010 and 2009

NOTE B (continued)

Temporarily restricted - Net assets subject to donor-imposed stipulations that will be met either by actions of the Society and/or the passage of time.

Permanently restricted - Net assets subject to donor-imposed stipulations that must be maintained permanently by the Society. Generally, the donors of these assets permit the Society to use all or part of the income earned on related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

The accompanying statements of activities report the changes in net assets by operating and nonoperating activities. Nonoperating activities principally include investment return (loss) net of amounts appropriated for operations, changes in the fair value of third-party trusts, change in value of split-interest agreements, pension related activity other than net periodic pension expense, and other nonrecurring activities.

2. *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period, the most significant of which relate to actuarial assumptions used to calculate postretirement benefit obligations, the determination of allowances for doubtful accounts, loans and contribution receivables, provision for obsolete and slow-moving inventory, the useful lives assigned to buildings and equipment, obligations under split-interest agreements, and the fair value of certain financial instruments, particularly alternative investments. Actual results could differ from those estimates.

3. *Cash and Cash Equivalents*

The Society classifies deposits in banks, money market accounts, and debt instruments with original maturities of three months or less from the date of purchase as cash equivalents, excluding cash and cash equivalents available for long-term investment, which are included within investments on the accompanying statements of financial position.

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2010 and 2009

NOTE B (continued)

4. *Split-Interest Agreements*

Assets held under charitable gift annuities, life income funds, and charitable remainder trusts with the Society acting as trustee are included in investments. The Society's remainder interests under charitable remainder trusts administered by third-parties are reflected as beneficial interest in investments held by third-party trustees. Contribution revenue is recognized at the date these split-interest agreements are established.

Under the Society's charitable gift annuities program and for charitable remainder trusts where the Society is the trustee, liabilities are recorded for the present value of the estimated future payments expected to be made to the donors and/or other beneficiaries. Under the life income funds, deferred revenue is recorded representing the amount of the discount for future interests.

Upon termination of a life interest, the share of the corpus attributable to the life tenant becomes available to the Society. Changes in the life expectancy of the donor or beneficiary, amortization of the discount, and other changes in the estimates of future payments are reported as change in value of split-interest agreements on the statement of activities. The discount rate used to value split-interest agreements was 6% at June 30, 2010 and 2009.

The following tables summarize the changes in the Society's split-interest balances for the years ended June 30, 2010 and 2009:

	2010		
	Charitable Remainder Trusts	Annuity Agreements	Life Income Fund
Balance at June 30, 2009	\$ 4,669,353	\$28,353,977	\$ 5,528,316
Proceeds of new split-interest agreements and other	237,465	1,015,128	(1,811)
Change in value of split-interest agreements	326,677	2,508,928	144,869
Payments to third-party beneficiaries under split-interest agreements	(562,752)	(4,514,639)	(456,725)
Investment income on split-interest agreements held for others	<u>230,521</u>	<u>204,850</u>	<u>464,769</u>
Balance at June 30, 2010	<u>\$ 4,901,264</u>	<u>\$27,568,244</u>	<u>\$ 5,679,418</u>

American Bible Society

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2010 and 2009

NOTE B (continued)

	2009		
	Charitable Remainder Trusts	Annuity Agreements	Life Income Fund
Balance at June 30, 2008	\$ 5,809,784	\$ 29,807,506	\$ 6,334,438
Proceeds of new split-interest agreements and other	-	1,002,422	(1,746)
Change in value of split-interest agreements	(1,104,807)	2,041,008	(768,379)
Payments to third-party beneficiaries under split-interest agreements	(614,225)	(4,551,545)	(589,740)
Investment income on split-interest agreements held for others	<u>578,601</u>	<u>54,586</u>	<u>553,743</u>
Balance at June 30, 2009	<u>\$ 4,669,353</u>	<u>\$ 28,353,977</u>	<u>\$ 5,528,316</u>

5. *Building, Equipment, and Depreciation*

The Society's headquarters building in New York City has been fully depreciated. Building improvements are being depreciated over their estimated useful lives of 40 years. Furniture and equipment acquired for greater than \$5,000 and with useful lives greater than one year are capitalized and depreciated over their estimated useful lives, ranging from three to ten years. Depreciation is calculated using the straight-line method. Leasehold improvements acquired for greater than \$5,000 are recorded at cost and amortized on a straight-line basis over the lesser of the economic useful life of the respective asset or the lease period.

6. *Library Collection*

The Society maintains a rare scripture collection held for exhibition, education and research which has been acquired through purchases and contributions since the Society's inception. The Society maintains policies and procedures addressing the collection's upkeep and management. The Society has adopted the policy of not capitalizing its collection, which is insured at a value of approximately \$12 million. Purchases of collections are recorded as decreases in unrestricted net assets in the year in which the items are acquired. In January 2010, part of the library collection was loaned to the Museum of Biblical Art ("MOBIA") for 5 years for purposes of conservation and exhibition.

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2010 and 2009

NOTE B (continued)

7. Contributions

Contributions, which include unconditional promises to give, are recognized as revenues in the period received. Unconditional promises to give to the Society after one year are discounted using an appropriate discount rate commensurate with the risks involved (credit adjusted). Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

The Society has been notified of certain intentions to give under various wills and trust agreements, the realizable amounts of which are not presently determinable. The Society's share of such bequests is recorded when the Society has an irrevocable right to the bequest and the proceeds are measurable.

8. Scripture Sales, Royalties and Accounts Receivable

Scripture sales, net of discounts and return allowances, are recorded when shipped and title passes to customers. Royalty income is recognized when earned. Accounts receivable, which principally relate to scripture sales, are reflected net of an appropriate allowance for doubtful accounts. The allowance for doubtful accounts is determined based upon an annual review of account balances, including age of the balance and historical collection experience.

9. Fair Value of Financial Instruments

The carrying amounts of financial instruments approximate fair value. The fair value of investments is based on quoted market prices, except for certain investments, principally private equities and similar interests, for which quoted market prices are not readily available. The estimated fair value of these investments is based on valuations provided by external investment managers or by the respective general partner or manager. Because the fair value of the Society's investment in these assets is not readily available, their estimated value is subject to uncertainty and, therefore, may differ markedly from the value that would have been reported on the accompanying financial statements had a ready market for such investments existed. Such difference could be material. Liabilities under split-interest agreements are reflected based upon the present value of the estimated future payments expected to be made to donors and other beneficiaries (see Note D).

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2010 and 2009

NOTE B (continued)

10. Concentrations of Credit Risk

Financial instruments that potentially subject the Society to concentrations of credit risk consist principally of cash and cash equivalents and investments in fixed income funds, equity funds, and alternative investments. The Society maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The Society's cash accounts were placed with high credit quality financial institutions and the Society's investment portfolio is diversified with several investment managers in a variety of asset classes. The Society has not experienced, nor does it anticipate, any losses with respect to such accounts.

11. Conditional Asset Retirement Obligation

In accordance with the accounting guidance for Conditional Asset Retirement Obligations, the Society recognized a liability associated with the eventual abatement of asbestos located in its headquarters building which at June 30, 2010 and 2009 totaled \$381,561 and \$364,536, respectively. For the years ended June 30, 2010 and 2009, the accretion of interest related to this obligation totaled \$17,027 and \$16,162, respectively.

12. Income Taxes

Certain of the Society's investments (Note D) give rise to unrelated business income tax liabilities. Income tax expense for the years ended June 30, 2010 and 2009 totaled \$193,467 and \$242,985, respectively. Such amounts are deducted from investment income on the accompanying statements of activities.

In July 2006, new guidance was issued in the area of "Accounting for Uncertainty in Income Taxes." The new standard clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This standard provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The standard also provides guidance on measurement, classification, interest and penalties, and disclosure. It was effective for the Society on July 1, 2009, and had no material impact on the accompanying financial statements. The tax years ended 2007, 2008, and 2009 are still open to audit for both federal and state purposes. The Society has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions.

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2010 and 2009

NOTE B (continued)*13. Reclassifications*

Certain prior period amounts have been reclassified in order to conform to the 2010 presentation. Such reclassifications did not change total assets, liabilities, revenues, expenses or changes in net assets as reflected on the 2009 financial statements.

14. Subsequent events

The Society evaluated its June 30, 2010 financial statements for subsequent events through December 13, 2010, the date the financial statements were available to be issued. The Society is not aware of any material subsequent events which would require recognition or disclosure in the financial statements.

NOTE C - INVENTORIES, NET

Inventories are valued at the lower of cost or market under the standard cost method, less an appropriate reserve for slow-moving or obsolete items. Inventories at June 30, 2010 and 2009 consisted of the following:

	<u>2010</u>	<u>2009</u>
Finished scripture products held for sale	\$ 5,215,530	\$ 6,063,909
Work in process and raw materials	<u>292,049</u>	<u>447,796</u>
	5,507,049	6,511,705
Less: Inventory reserve	<u>(1,468,682)</u>	<u>(1,268,956)</u>
	<u>\$ 4,038,897</u>	<u>\$ 5,242,749</u>
Components of gross margin were:		
Scripture sales	\$ 8,295,914	\$ 8,160,344
Less: cost of goods sold	<u>(5,237,457)</u>	<u>(5,514,174)</u>
Gross margin	<u>\$ 3,058,457</u>	<u>\$ 2,646,170</u>

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2010 and 2009

NOTE D - INVESTMENTS

Investments, at fair value, at June 30, 2010 and 2009 consisted of the following:

	<u>2010</u>	<u>2009</u>
Cash and cash equivalents	\$ 5,395,041	\$ 18,678,044
Receivable (payable) for securities purchased	442,949	(893,666)
Equities	182,791,623	198,386,221
Fixed income	106,037,865	136,612,251
Private equity	20,256,129	17,869,648
Real assets	40,579,591	27,164,390
Absolute return	<u>79,077,639</u>	<u>71,021,980</u>
	<u>\$ 434,580,837</u>	<u>\$ 468,838,868</u>

The cost of the investments totaled \$387,707,718 and \$479,941,613 at June 30, 2010 and 2009, respectively. Included in investments at June 30, 2010 and 2009 is \$10,644,063 and \$11,823,272, respectively, held under trusts where the Society acts as trustee, as stipulated by the donor. Life income agreements of \$12,634,961 and \$13,365,318 at June 30, 2010 and 2009, respectively, are also included in investments.

The Society lends certain equities and bonds included in its investment portfolio to brokerage firms. In return for the securities loaned, the Society receives cash and/or U.S. treasury securities as collateral in amounts at least equal to the fair value of the securities loaned. At June 30, 2010 and 2009, the fair value of the securities (collateral received) included in investments was \$9,385,698 and \$44,232,738, respectively. The Society retains all rights of ownership to the securities loaned and continues to receive all interest and dividend income. The related collateral at June 30, 2010 and 2009 is presented as investments and payable under securities loan agreement on the accompanying statements of financial position.

The Society has committed to investing an additional \$15,222,882 in certain private equity partnerships, which are to be funded primarily over the next 3-5 years, with a maximum commitment period of 12 years.

Fair Value Measurements

As of July 1, 2008, the Society adopted guidance that established a framework for measuring fair value and expanding its disclosures about fair value measurements. The new standard provides a consistent definition for fair value which focuses on an exit price between market participants in an orderly transaction. The standard also prioritizes, within the measurement of fair value, the use of market-based information over entity specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of the respective financial instrument. The standard defines three levels of inputs which may be used to measure fair value.

American Bible Society

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2010 and 2009

NOTE D (continued)

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level I – Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments in Level I include listed equities held in the name of the Society, and any mutual funds or commingled funds that have a daily NAV, and exclude listed equities and other securities held indirectly through commingled funds.

Level II – Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the measurement date, and fair value is determined through the use of models or other valuation methodologies.

Level III – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include privately held investments and limited partnership interests.

The following table prioritizes the inputs used to report the fair value of the Society's investments within the hierarchy levels as of June 30, 2010:

	Cash /Equiv. & Payables	Equities	Fixed Income	Alternative Assets			Total
				Private Equity	Real Assets	Absolute Return	
Level I	\$ 5,555,210	\$ 89,903,256	\$ 5,007,638	\$ -	\$ -	\$ -	\$ 100,466,104
Level II	282,780	-	101,030,227	-	14,911,485	-	116,224,492
Level III	-	92,888,367	-	20,256,129	25,668,107	79,077,638	217,890,241
Total	<u>\$ 5,837,990</u>	<u>\$ 182,791,623</u>	<u>\$ 106,037,865</u>	<u>\$ 20,256,129</u>	<u>\$ 40,579,592</u>	<u>\$ 79,077,638</u>	<u>\$ 434,580,837</u>

The following table prioritizes the inputs used to report the fair value of the Society's investments within the hierarchy levels as of June 30, 2009:

	Cash /Equiv. & Payables	Equities	Fixed Income	Alternative Assets			Total
				Private Equity	Real Assets	Absolute Return	
Level I	\$ 17,501,633	\$ 109,489,578	\$ 566,000	\$ -	\$ -	\$ -	\$ 127,557,211
Level II	282,745	35,489,302	136,046,251	-	6,006,364	-	177,824,662
Level III	-	53,407,341	-	17,869,648	21,158,026	71,021,980	163,456,995
Total	<u>\$ 17,784,378</u>	<u>\$ 198,386,221</u>	<u>\$ 136,612,251</u>	<u>\$ 17,869,648</u>	<u>\$ 27,164,390</u>	<u>\$ 71,021,980</u>	<u>\$ 468,838,868</u>

American Bible Society

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2010 and 2009

NOTE D (continued)

The following table summarizes the changes in the Society's Level III investments for the year ended June 30, 2010:

	Equities	Private Equity	Real Assets	Absolute Return	Total
Balance at June 30, 2009	\$ 53,407,341	\$ 17,869,648	\$ 21,158,026	\$ 71,021,980	\$ 163,456,995
Total net realized gains (loss)	795,611	654,173	-	(14,290)	1,435,494
Total net unrealized appreciation	8,909,172	2,034,415	3,872,325	8,038,113	22,854,025
Purchases of investments	30,941,854	18,729,541	3,405,753	119,615	53,196,763
Proceeds from sales, redemptions, and distributions	<u>(1,165,611)</u>	<u>(19,031,648)</u>	<u>(2,767,997)</u>	<u>(87,780)</u>	<u>\$ (23,053,036)</u>
Balance at June 30, 2010	<u>\$ 92,888,367</u>	<u>\$ 20,256,129</u>	<u>\$ 25,668,107</u>	<u>\$ 79,077,638</u>	<u>\$ 217,890,241</u>

The Society's investments are managed in accordance with investment guidelines established by the Society's Board of Trustees. The Society's Board of Trustees annually approves the level of investment return to be appropriated for operations based upon the University Model. The annual spending rate, subject to Board approval, was calculated as follows: 70% of the previous year's spending amount adjusted for the annual rate of inflation, plus 30% of the most recent four-quarter average market value of the investment pool multiplied by 5%. Amounts approved were \$21,692,616 and \$23,198,275 for 2010 and 2009, respectively. In addition, the Society's Board of Trustees also approved the use of \$3,821,853 and \$16,524,242 in 2010 and 2009, respectively, of investment return to fund certain other operating costs, principally additional program expenses, pension expense, post-retiree health care benefits and fixed asset purchases.

The components of investment gain (loss) for the years ended June 30, 2010 and 2009 were as follows:

	2010	2009
Interest and dividends	\$ 7,463,606	\$ 9,873,740
Unrealized appreciation (depreciation) in fair value of of investment in third-party trusts	54,835,287	(61,787,420)
Unrealized appreciation (depreciation) in fair value of investment in third-party trusts	1,477,640	(4,106,235)
Realized losses	(5,366,304)	(11,746,581)
Investment expenses	<u>(1,940,291)</u>	<u>(1,471,537)</u>
Investment gain (loss), net	<u>\$ 56,469,938</u>	<u>\$ (69,238,033)</u>

American Bible Society

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2010 and 2009

NOTE D (continued)

	<u>2010</u>	<u>2009</u>
Amounts appropriated for program services	\$ (21,692,615)	\$ (23,198,275)
Amounts appropriated for specific operating purposes	<u>(3,821,853)</u>	<u>(16,524,242)</u>
Total investment return appropriated for operations	<u>(25,514,468)</u>	<u>(39,722,517)</u>
Investment gain (loss), net of amounts appropriated for operations	<u>\$ 30,955,470</u>	<u>\$ (108,960,550)</u>

The Society uses the Net Asset Value (NAV) to determine the fair value of all the underlying investments which: (a) do not have a readily determinable fair value and (b) prepare their investees financial statements consistent with the measurement principles of an investments company or have the attributes of an investments company. Per ASU 2009-12, the following table lists investments in other companies (in partnership format) by major category:

Type	Strategy	NAV in Funds	# of Funds	Remaining Life	\$ Amount of Unfunded Commitments	Timing to Drawdown Commitments	Redemption Terms	Redemption Restrictions
Private Equities	Venture and buyout in the U.S. and international	\$ 20,256,129	24	1 to 12 years	\$10,043,211	1 to 10 years	N/A	N/A
Real Assets	Real assets and natural resources, primarily in the U.S., private equity structure and ETF's	40,579,591	13	1 to 30 years	5,179,671	1 to 4 years	Private equity structures have no redemption options; ETF's with 30 days notice	N/A
Absolute Return	Global equity and fixed income funds in market neutral strategies, fund-of-funds structure	79,077,638	3	N/A	N/A	N/A	Ranges as follows: 65 days notice, 90 days notice, 100 days notice	1 fund has a 1 year lock-up, 1 fund has a 3 year lock-up, and 1 fund has a 25% per qtr. restriction and a 2 year lock-up
Equity Partnerships	Long/short and long only funds structured as partnerships	41,088,902	2	N/A	N/A	N/A	30 days notice and quarterly redemptions	1 fund has a 1 year lock-up, with a 20% gate on redemptions
Commingled Funds	Global funds, primarily long only, equities and bond funds	<u>95,044,493</u>	<u>8</u>	N/A	<u>N/A</u>	N/A	Ranges from 5 business days to 30 days notice	N/A
Total		<u>\$276,046,753</u>	<u>50</u>		<u>\$15,222,882</u>			

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2010 and 2009

NOTE E - TRANSACTIONS WITH FELLOWSHIP AND AFFILIATED ORGANIZATIONS AND GRANTS PAYABLE

The Society provides major financial support to UBS and also supports member Bible Societies and programs designated by the fellowship. During fiscal 2010 and 2009, this support amounted to \$10,060,000 and \$9,180,000, respectively.

As of June 30, 2009, the Society has recognized grants payable to Faith Comes by Hearing in the amount of \$4,164,947, which was paid in full during fiscal 2010.

During fiscal 2006, due to the uncertainty associated with repayment, the Society agreed to convert its program loan receivable due from the Bible Society in Russia, in the amount of \$1,500,000, to a local fundraising challenge grant which, if successful, would lead to the eventual forgiveness of the loan balance. At June 30, 2010 and 2009, the receivable, which has been fully reserved for, totaled \$1,143,748 and \$1,259,503, respectively.

In addition to the loan of its rare Scripture collection (see Note B), the Society provides major financial support and “in-kind” services to MOBIA. During fiscal 2010 and 2009, this support amounted to \$1,585,000 and \$1,976,798, respectively.

NOTE F - BENEFICIAL INTEREST IN INVESTMENTS HELD BY THIRD-PARTY TRUSTEES

The Society maintains a beneficial interest in investments held by third-party trustees. The Society’s share of such funds had a market value of \$18,111,372 and \$16,108,538 at June 30, 2010 and 2009, respectively.

At June 30, 2010 and 2009, the Society’s beneficial interest in investments held by third-party trustees was classified as Level III within the fair value hierarchy.

The following table summarizes the changes in the Society’s Level III beneficial interest in investments held by third-party trustees for the years ended June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Beginning balance	\$ 16,108,538	\$ 30,811,051
Distribution of trust assets	(801,241)	(11,796,763)
Change in value due to actuarial valuations	950,383	1,196,485
Unrealized appreciation (depreciation) in fair value of third-party trusts	1,477,640	(4,106,235)
New trusts	<u>376,052</u>	<u>4,000</u>
Ending balance	<u>\$ 18,111,372</u>	<u>\$ 16,108,538</u>

American Bible Society

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2010 and 2009

NOTE G - LAND, BUILDING, AND EQUIPMENT, NET

Land, building, and equipment are carried at cost less accumulated depreciation and consisted of the following at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Building and building improvements	\$ 33,062,108	\$ 32,871,018
Furniture, machinery, and equipment	15,022,802	14,081,772
Leasehold improvements	<u>699,426</u>	<u>395,083</u>
	48,784,336	47,347,873
Less: Accumulated depreciation	<u>(36,500,745)</u>	<u>(32,276,288)</u>
	12,283,591	15,071,585
Land	<u>25,000</u>	<u>25,000</u>
	<u>\$ 12,308,591</u>	<u>\$ 15,096,585</u>

NOTE H - NET ASSETS

The Society's Board of Trustees has designated certain unrestricted net assets for specific operating purposes as follows at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Employee pension benefits	\$ 16,282,871	\$ 15,652,504
Bible engagement and distribution – national ministries	2,377,700	9,219,142
Bible engagement and distribution – international ministries	661,428	869,093
Contingency funding for programs	<u>108,448</u>	<u>353,312</u>
	<u>\$ 19,430,447</u>	<u>\$ 26,094,051</u>

In addition, the Society's Board of Trustees has designated certain unrestricted net assets to function as an endowment (quasi-endowment). The investment return generated from these assets is used to fund operating expenses as approved by the Board of Trustees. Investment return in excess of the approved amounts is used to maintain the purchasing power of the investments and to help ensure resources for future needs, ministries, and opportunities.

Temporarily restricted net assets at June 30, 2010 and 2009 are available for the following purposes:

	<u>2010</u>	<u>2009</u>
Life income agreements	\$ 9,999,853	\$ 9,393,441
Trust agreements	12,036,621	11,476,601
Geographically focused and other programs	<u>1,876,759</u>	<u>1,968,184</u>
	<u>\$ 23,913,233</u>	<u>\$ 22,838,226</u>

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2010 and 2009

NOTE H (continued)

Permanently restricted net assets of the Society are restricted to investment in perpetuity, the income from which is expendable for the following purposes:

	<u>2010</u>	<u>2009</u>
Bible engagement and distribution – national ministries	\$ 5,273,294	\$ 5,262,570
Bible engagement and distribution – international ministries	2,040,408	2,040,408
General support	<u>26,457,549</u>	<u>24,600,710</u>
	<u>\$ 33,771,251</u>	<u>\$ 31,903,688</u>

NOTE I - PENSION, POSTRETIREMENT HEALTH CARE, AND LIFE INSURANCE BENEFITS

The Society currently provides a defined contribution pension plan for all qualified employees. The Society contributed approximately \$1,476,000 and \$1,538,000 in 2010 and 2009, respectively, to the plan. Contributions are based on a percentage of each eligible employee's compensation.

The Society also provides certain noncontributory health care and life insurance benefits to retired employees hired prior to July 1, 2005. This unfunded plan is designed to provide benefits to participants based upon date of hire and years of service.

The following table sets forth the plan's funded status and other information relative to the plan as of and for the years ended June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Funded status:		
Accumulated Postretirement Benefit Obligation ("APBO"):		
Current retirees	\$ (30,327,744)	\$ (33,345,902)
Actives	<u>(6,501,749)</u>	<u>(5,077,470)</u>
Total	<u>\$ (36,829,493)</u>	<u>\$ (38,423,372)</u>
Unfunded status	\$ (36,829,493)	\$ (38,423,372)
Unrecognized items:		
Prior service credit	(61,185)	(74,476)
Actuarial losses	<u>6,762,436</u>	<u>8,760,310</u>
Accrued postretirement benefit cost	<u>\$ (30,128,242)</u>	<u>\$ (29,737,538)</u>

American Bible Society

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2010 and 2009

NOTE I (continued)

Amounts recognized in unrestricted net assets as of June 30, 2010 and 2009 consisted of:

	<u>2010</u>	<u>2009</u>
Prior service credit	\$ (61,185)	\$ (74,476)
Actuarial losses	<u>6,762,436</u>	<u>8,760,310</u>
	<u>\$ 6,701,251</u>	<u>\$ 8,685,834</u>

Components of net periodic benefit cost for the years ended June 30, 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
Service cost	\$ 238,600	\$ 376,235
Interest cost	2,411,996	2,328,090
Amortization of:		
Prior service cost	(13,291)	(15,748)
Actuarial losses	<u>384,905</u>	<u>464,454</u>
Net periodic postretirement benefit cost	<u>\$ 3,022,210</u>	<u>\$ 3,153,031</u>

Other changes in benefit obligations recognized in unrestricted net assets for the years ended June 30, 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
Net actuarial loss	\$ (1,612,969)	\$ (201,314)
Amortization of net gain	(371,614)	(464,454)
Amortization of prior service cost	-	15,748
Total changes recognized in unrestricted assets	<u>\$ (1,984,583)</u>	<u>\$ (650,020)</u>
Total changes recognized in net periodic benefit cost and unrestricted net assets	<u>\$ 1,037,627</u>	<u>\$ 2,503,011</u>

The estimated net loss that will be amortized from unrestricted net assets into net periodic benefit cost during fiscal 2011 will be \$371,614.

American Bible Society

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2010 and 2009

NOTE I (continued)

Assumptions

	<u>2010</u>	<u>2009</u>
Assumptions used to determine benefit obligations at June 30:		
Discount rate	5.75%	6.50%
Assumptions used to determine net periodic benefit cost for years ended June 30:		
Discount rate	6.50%	6.50%
Assumed health care cost trend rates at June 30:		
Health care cost trend rate assumed for next year	8.50%	9.00%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.00%	5.00%
Year that the rate reaches the ultimate trend rate	2016	2016
Rate of increase in the per capita cost of covered dental benefits	5.00%	5.00%

Contributions

The Society expects to contribute \$2,345,607 to its postretirement benefit plan during the year ending June 30, 2011.

Estimated Future Benefit Payments

The following benefit payments, which reflect anticipated future service, are expected to be paid in the years ending June 30th, as follows:

2011	\$ 2,345,607
2012	2,440,432
2013	2,513,845
2014	2,530,662
2015 to 2019	12,568,855

American Bible Society

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2010 and 2009

NOTE J - AMOUNTS HELD FOR UNITED BIBLE SOCIETIES AND OTHERS

Amounts held for UBS and others consisted of the following at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Sung fund for UBS	\$ -	\$ 17,274,664
Trust funds and others	<u>-</u>	<u>382,408</u>
	<u>\$ -</u>	<u>\$ 17,657,072</u>

During fiscal 2010, investments in the Sung fund were liquidated and the proceeds remitted to UBS at its request.

The following table prioritizes the inputs used to report the fair value of the Sung fund investments within the hierarchy levels as of June 30, 2009:

	<u>Cash /Equiv.</u>	<u>Equities</u>	<u>Fixed Income</u>	<u>Alternative Assets</u>			<u>Total</u>	
				<u>Private Equity</u>	<u>Real Assets</u>	<u>Absolute Return</u>		
Level I	\$ 1,141,390	\$ 4,297,856	\$ -	\$ -	\$ -	\$ -	\$ 5,439,246	
Level II	-	1,692,851	2,441,519	-	286,505	-	-	4,420,875
Level III	<u>-</u>	<u>2,547,547</u>	<u>-</u>	<u>852,388</u>	<u>1,009,245</u>	<u>3,387,771</u>	<u>-</u>	<u>7,796,951</u>
Total	<u>\$ 1,141,390</u>	<u>\$ 8,538,254</u>	<u>\$ 2,441,519</u>	<u>\$ 852,388</u>	<u>\$ 1,295,750</u>	<u>\$ 3,387,771</u>	<u>-</u>	<u>\$ 17,657,072</u>

NOTE K - COMMITMENTS AND CONTINGENCIES

Rental Income

Total future minimum rental income under noncancelable operating leases for leased space in the Society's headquarters building at June 30, 2010 is as follows:

Year ending June 30:	
2011	\$ 3,324,944
2012	3,512,635
2013	<u>2,752,106</u>
	<u>\$ 9,589,685</u>

Rental income on facilities leased for the years ended June 30, 2010 and 2009 totaled \$2,844,451 and \$3,069,001, respectively.

American Bible Society

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2010 and 2009

NOTE K (continued)

Rental Expense

Total future minimum rental expense under noncancelable operating leases for facilities and equipment at June 30, 2010 is as follows:

Year ending June 30:	Facilities	Equipment
2011	\$ 395,219	\$ 68,796
2012	280,426	65,970
2013	252,280	62,832
2014	260,332	14,319
2015 and thereafter	110,709	-
	\$ 1,298,966	\$ 211,917

Office rent expense for the years ended June 30, 2010 and 2009 totaled \$444,869 and \$409,673, respectively. Equipment rent expense for the years ended June 30, 2010 and 2009 totaled \$65,959 and \$60,783, respectively.

Contingencies

In the normal course of its operations, the Society is a party to various legal proceedings and complaints, some of which are covered by insurance. While it is not feasible to predict the ultimate outcomes of such matters, management of the Society is not aware of any claims or contingencies that would have a material adverse effect on the Society's financial position, changes in net assets or cash flows.

NOTE L - EXPENSES AND OTHER CHARGES

During the years ended June 30, 2010 and 2009, the Society incurred joint costs of \$7,628,286 and \$9,414,899, respectively, for informational materials and activities that included development appeals. Of those costs \$3,987,319 and \$5,458,293, respectively, were allocated to development while \$3,640,967 and \$3,956,606, respectively, were allocated to program services.

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2010 and 2009

NOTE M - ENDOWMENT

The Society's endowment consists of approximately 640 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Society's Board of Trustees to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Society's Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The following table summarizes endowment net asset composition by type of fund as of June 30, 2010:

	Unrestricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 18,294,096	\$ 18,294,096
Board-designated endowment funds	<u>286,772,908</u>	<u>-</u>	<u>286,772,908</u>
Total endowment funds	<u>\$ 286,772,908</u>	<u>\$ 18,294,096</u>	<u>\$ 305,067,004</u>

The following table summarizes endowment net asset composition by type of fund as of June 30, 2009:

	Unrestricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 18,280,225	\$ 18,280,225
Board-designated endowment funds	<u>260,349,624</u>	<u>-</u>	<u>260,349,624</u>
Total endowment funds	<u>\$ 260,349,624</u>	<u>\$ 18,280,225</u>	<u>\$ 278,629,849</u>

Excluded from permanently restricted net assets from the tables above at June 30, 2010 and 2009 are \$15,477,154 and \$13,623,463, respectively, of perpetual trusts held by third-parties.

American Bible Society

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2010 and 2009

NOTE M (continued)

The following table summarizes the changes in endowment net assets for the year ended June 30, 2010:

	Unrestricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 260,349,624	\$ 18,280,225	\$ 278,629,849
Contributions, net of amounts transferred to operations*	(2,474,533)	3,147	(2,471,386)
Interest and dividends	6,678,209	10,724	6,688,933
Unrealized appreciation in fair value of investments	51,074,103	-	51,074,103
Realized losses	(5,357,817)	-	(5,357,817)
Investment expenses	(1,801,486)	-	(1,801,486)
Other income, primarily royalties	112,903	-	112,903
Amounts transferred to quasi-endowment	6,313,267	-	6,313,267
Net change in value of split-interest agreements	(2,606,894)	-	(2,606,894)
Amounts appropriated for program services	(21,692,615)	-	(21,692,615)
Amounts appropriated for specific operating purposes	(3,821,853)	-	(3,821,853)
Endowment net assets, end of year	<u>\$ 286,772,908</u>	<u>\$ 18,294,096</u>	<u>\$ 305,067,004</u>

The following table summarizes the changes in endowment net assets for the year ended June 30, 2009:

	Unrestricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 346,049,375	\$ 18,254,961	\$ 364,304,336
Contributions, net of amounts transferred to operations*	4,106,324	25,264	4,131,588
Interest and dividends	8,030,685	-	8,030,685
Unrealized depreciation in fair value of investments	(56,005,946)	-	(56,005,946)
Realized losses	(10,904,603)	-	(10,904,603)
Investment expenses	(1,344,041)	-	(1,344,041)
Other income, primarily royalties	138,975	-	138,975
Amounts transferred to quasi-endowment	12,100,000	-	12,100,000
Net change in value of split-interest agreements	(2,098,628)	-	(2,098,628)
Amounts appropriated for program services	(23,198,275)	-	(23,198,275)
Amounts appropriated for specific operating services	(16,524,242)	-	(16,524,242)
Endowment net assets, end of year	<u>\$ 260,349,624</u>	<u>\$ 18,280,225</u>	<u>\$ 278,629,849</u>

*The Society reports legacies received as increases in unrestricted net assets unless use of the related assets is limited by explicit donor-imposed restrictions (i.e., temporarily or permanently restricted). Because of the variability of this revenue, the application of such funds to support operations is budgeted at an amount approved by the Board of Trustees annually. The excess or deficiency between the unrestricted legacies received and the amount budgeted is reported as an addition or deduction in funds functioning as endowment.

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2010 and 2009

NOTE M (continued)

The Society has adopted investment and spending policies for endowment assets that support the objective of providing a sustainable and increasing level of endowment income distribution to support the Society's activities through the annual operating budget while preserving the real (inflation adjusted) purchasing power of the endowment exclusive of gift additions. The Society's primary investment objective is to maximize total return within reasonable and prudent levels of risk while maintaining sufficient liquidity to meet disbursement needs and ensure preservation of capital.

In September 2010, the State of New York passed the New York Prudent Management of Institutional Funds Act ("NYPMIFA"), its version of the Uniform Prudent Management Institutional Funds Act ("UPMIFA"). All not-for-profit organizations formed in New York must apply this law to the extent that it pertains to donor restricted funds. It will be effective for the Society's 2011 fiscal year. The Society is currently reviewing the impact it will have on its financial statements.